

### *Summary of Minutes – BIDAC Meeting*

#### **BLOOMINGTON INDUSTRIAL DEVELOPMENT ADVISORY COMMISSION MEETING HELD ON WEDNESDAY, AUGUST 20, 2008 AT 2:00PM IN THE HOOKER CONFERENCE ROOM OF CITY HALL AT SHOWERS, 401 NORTH MORTON STREET, BLOOMINGTON, INDIANA**

##### **Roll Call**

Members present: Danise Alano, Rhonda Hinds, Don Moore, Joyce Poling, Richard Rampley

Members absent: Roger Kent, Sen. Vi Simpson

Staff present: Mike Trexler, City Controller; Sean Fox, Service Corps Fellow

Others present: Jason Rager, Representative, Cook Pharmica

##### **Staff Report**

Danise Alano provided a staff report summarizing previous BIDAC projects, as the Commission last met in 2006. The report also provided information on the Industrial Development Fund (IDF), the fund which receives Downtown and Thomson CRED revenues and which the BIDAC oversees. The IDF has a current balance of over \$3.5 million, which is Downtown and Thomson CREDs combined. She said that the Thomson TIF is being repaid for demolition of the former RCA building. The Thomson TIF fronted the money for the demolition, and the CRED is making the repayment. The balance reflects this.

Joyce Poling asked how much was in the Thomson TIF. Mike Trexler said that the report contains the CRED figures, but not balances of TIFs. Danise Alano outlined the project updates contained in the report. ProCure did not come to the BIDAC with a request for incentives or funds, but did seek a CRED tax credit application from the state, from which they received some tax credits. They are currently seeking another expansion in the downtown. She reported that Indigo Hotels should be breaking ground in October. The company applied for a large tax credit, but due to a policy that the state handed down in September 2006, there is currently a moratorium on the eligibility of the retail and hospitality industry for CRED tax credits. This issue is still in discussion. She said that she thinks the hotel project will still go forward.

Danise Alano said that the BIDAC is working with the company IEC LLC that will be expanding and locating within the Indiana Enterprise Center in the Thomson CRED. The company will be developing a life sciences facility there, and BIDAC will be working with the state to assist them in that endeavor. This issue will be discussed further at the next meeting.

Cook Pharmica located their business in the Indiana Enterprise Center in 2005 after announcing in 2004 that they would do so. The BIDAC has two benchmarking agreements with Cook Pharmica: one is related to a water main that Cook Pharmica installed and the Commission agreed to reimburse Cook Pharmica for; the other is a benchmark for other construction projects. The water main benchmark is complete and paid in full, while the other is ongoing. Danise Alano said that Cook Pharmica has already surpassed its employment estimates for 2008 and is embarking on another expansion.

Danise Alano said that she provided to the Commission the amount of revenues to date that have been generated by Cook Pharmica into the Thomson CRED. Edge credits are also listed, as Cook Pharmica took advantage of this incentive. The City agreed to forego these as part of its revenue.

Don Moore asked whether the BIDAC had worked on a previous project with Schulte. Danise Alano said that it had been working on a benchmarking agreement with the company. The agreement was approved by BIDAC and the City Council, but the agreement was never signed, as Schulte ultimately decided not to take advantage of these incentives. Joyce Poling asked if there was anything that BIDAC could do to assist Schulte, even in a period of downturn in the building market. Danise Alano said that she met with Schulte and the BEDC's retention expansion committee about two weeks ago. Schulte is shifting their focus somewhat and expanding their product line to higher-end wood products that can go directly to consumers. It will be opening retail stores and already have two open – one in Cincinnati and one in Florida. These retail stores will allow Schulte to design closets directly for consumers. Richard Rampley reported that Schulte's employment has recently stabilized. Danise Alano said that the company, while headquartered in Cincinnati, intends to keep its only production center in Bloomington.

Richard Rampley said that Schulte employs people without a high school education and others that other companies won't apply. He said that he doesn't think Schulte is a company that should be given up on; they are currently restructuring and retooling for the future. Joyce Poling said that is important, especially as it related to recidivism in Monroe County.

Danise Alano said that the City, as well as the state, is currently in discussion with PPM to potentially provide expansion assistance, but currently the company is not receiving assistance.

### **New Business: Resolutions 08-01 and 08-02**

Danise Alano introduced the new business on the agenda. In February 2008, Cook Pharmica announced it would be expanding to a new business line, renovating 80,000 square feet to the property, and hoping to add an additional 206 full-time jobs to Cook Pharmica's payroll by 2010, corresponding to an additional payroll of over \$9.2 million. The new business line, called "fill and finish," involves formulating drugs and filling

them into vials or other containers, followed by packaging and sending them out to clients. It is a contract business for clients.

Joyce Poling asked about the similarity between this new business line and the operation of Baxter. Jason Rager said that the capacity to fill vials and syringes is comparable, although he thought that Cook Pharmica would be targeting a different niche than Baxter.

#### *Resolution 08-01*

Danise Alano said that the City worked with Cook Pharmica and the state to offer an incentive package to keep Cook Pharmica in Bloomington. Subject to approval by various boards and commissions, including BIDAC, an offer of construction benchmarks was offered. Reimbursement would be tied directly to revenue generated by Cook Pharmica, and Cook Pharmica would be repaid 75% annually of revenues they generate after reaching the benchmarks. She said the current cap is \$2 million. Don Moore asked how the amount of \$2 million for the cap was determined. Danise Alano said that the cap amount was determined by investment made by Cook Pharmica and new revenue generated from the project. She said that benchmarks total \$7.6 million; thus the overall project cost to Cook Pharmica is much greater.

#### *Resolution 08-02*

Resolution 08-02 is the utilization of additional IDF monies to assist with public infrastructure and other site improvements that will facilitate the expansion of Cook Pharmica. Danise Alano reported that on August 4, 2008 the Redevelopment Commission authorized the use of Thomson TIF funds, in the amount of \$500,000 to assist with improvements at the intersection of Hillside and Rogers Street. With BIDAC approval, matching funds (\$500,000) from the CRED will also be used to assist these improvements.

#### *Discussion of Resolutions 08-01 and 08-02*

Joyce Poling asked if a new road would be built, to which Danise Alano responded that it would, as Hillside would be extended from Rogers St. west to the Cook Pharmica property. This will be a dedicated public right-of-way and will also allow IEC LLC additional access to their property and facilitate redevelopment there, thus benefitting both landowners as well as the City. She said that improvements at Rogers and Patterson would include widening the right turn lane on Patterson. Improvements on Patterson Drive westbound will include signalization at one entrance for shift changes, as well as streambed rehabilitation to improve storm water flow.

Danise Alano said that discussion has taken place between the Administration and Economic Development staff and Jerry Arthur and Ted Green from Cook Pharmica about the expansion, as well as GE and making sure there are job opportunities at Cook Pharmica. She said that another part of the partnership is with the Bloomington Urban

Enterprise Association, who has committed to Cook Pharmica that it will hold a job fair for Urban Enterprise Zone residents and assist with job training.

Jason Rager described the project in further detail. In 2007, the non-compete agreement between Cook and Baxter ended, but he reiterated that he didn't think that competition would take place. Cook Pharmica hired Bingham Economic Development Advisors to evaluate sites in the Research Triangle Park, Canton, Ohio, and Greencastle, Ind., but ultimately preferred Bloomington, as Cook is already here and the expansion site would be located within a CRED district. He said that there will be an estimated 206 additional employees at about \$45,000 in salary per worker by the end of 2010.

Jason Rager described the current project timeline. Detail design has already been completed, and equipment bids will go out by August 29. By September 15, detail bid packages for general contractor will go out, and they hope to break ground by November 1. He said they hope to have most construction completed by May 1, 2009. The rest of 2009 will be used for commissioning and validation. They hope to begin commercial production in 2010 and be fully operational by the end of that year. He said Cook Pharmica has used about 130,000 sq. ft. at 1300 S. Patterson for expansion, and he thinks that another 80,000 to 100,000 sq. ft. will be used. Richard Rampley asked what the total square footage of the facility was, to which Jason Rager responded that he thought it was 430,000 square feet.

Don Moore asked if Cook Pharmica had a local hiring policy, to which Jason Rager responded that they will find the most qualified applicants possible, regardless of where they are from. He said that Cook Pharmica is 65-67% Monroe County residents. Richard Rampley said that probably 98% of workers live in Monroe and contiguous counties. He said that WorkOne's experience with Cook Pharmica has been that for many jobs, Cook spends as much time recruiting locally as elsewhere, and that WorkOne has even referred people from Indianapolis.

Don Moore asked why a post-hoc incentive was offered. Danise Alano said that the timing of this meeting didn't do the project justice, as support from the Mayor's Office was offered in July/August of 2007, contingent upon the approval of the appropriate boards and commissions. Jason Rager added that no public announcement was made until February 2008.

#### *Approval of Resolutions 08-01 and 08-02*

Joyce Poling moved to approve Resolution 08-01. Richard Rampley seconded. No further discussion. Motion passed.

Joyce Poling moved to approve Resolution 08-02. Richard Rampley seconded. No further discussion. Motion passed.

### **Additional Business and Adjournment**

Danise Alano asked if there was any additional business. None was reported. Richard Rampley moved to adjourn the meeting. Danise Alano seconded. Motion passed. Meeting adjourned.

*Minutes submitted by Sean Fox on August 28, 2008*